

ADOPTED ✓

MEMORANDUM

SEPTEMBER 28, 1989

TO: BOSTON REDEVELOPMENT AUTHORITY AND
STEPHEN COYLE, DIRECTOR

FROM: THOMAS O'MALLEY, ASSISTANT DIRECTOR
NEIGHBORHOOD HOUSING AND DEVELOPMENT

SUBJECT: HOUSING CREATION PROPOSAL SUBMITTED BY TWO TWENTY TWO
BERKELEY VENTURE, DEVELOPER OF THE 222 BERKELEY STREET
PROJECT

SUMMARY: Two Twenty Two Berkeley Venture, developer of the 222 Berkeley Street Project, has submitted three Housing Creation Proposals that would commit \$1,455,805 of the present value of its housing linkage payments to support the creation of affordable housing in the City of Boston. The following contributions are proposed by Two Twenty Two Berkeley Venture for: 1) the Boston Citywide Land Trust in developing 122 units of Single Room Occupancy ("SRO") housing on Bowdoin Street on Beacon Hill in the amount of \$850,805; 2) the Boston Housing Authority for rehabilitating 73 units of cooperative housing on scattered sites in the South End in the amount of \$350,000; and 3) the 438 Warren Street Limited Partnership for the rehabilitation of 21 units of SRO rental housing at the 438 Warren Street Lodging House in Roxbury in the amount of \$255,000. Approval of these Housing Creation Proposals is requested.

On June 28, 1985, New England Mutual Life Insurance Company and Gerald D. Hines Interests, Inc. entered into a Development Impact Project Agreement ("DIP Agreement") with the Boston Redevelopment Authority (the "Authority") in connection with the development of mixed-use development space (including office, retail and commercial uses and a below-grade parking facility) to be located on the premises bounded by Berkeley Street, Boylston Street, Clarendon Street and St. James Avenue in Boston (the "Project"). A First Amendment to the DIP Agreement was entered into by New England Mutual Life Insurance Company, Gerald D. Hines Interests, Inc., Five Hundred Boylston West Venture and the Authority on May 11, 1988. The Project is being constructed in two components: the Western Component and the Eastern Component. This memorandum refers to the housing linkage payments due with regard to the Eastern Component (otherwise known as the "222 Berkeley Street Project"). Pursuant to the DIP Agreement, as amended, New England Mutual Life Insurance Company and Gerald D. Hines Interests, Inc., or their successors and assigns, are responsible for the housing linkage payments due with regard to the Eastern Component. On April 13, 1989, Two Twenty Two Berkeley Venture was formed. The assignment of the interests of New England Mutual Life Insurance Company and Gerald D. Hines

Interests, Inc. in the DIP Agreement, as amended, to Two Twenty Two Berkeley Venture was accepted by the Authority on April 13, 1989. Therefore, Two Twenty Two Berkeley Venture is responsible for the housing linkage obligation for the Eastern Component. According to the DIP Agreement, as amended, Two Twenty Two Berkeley Venture may satisfy its housing linkage obligation to the City of Boston through a series of twelve (12) annual payments estimated to be \$210,416.67 each to the Neighborhood Housing Trust (the "Trust") or through an approved Housing Creation Proposal, or through some combination of the two options.

Two Twenty Two Berkeley Venture has submitted three Housing Creation Proposals which together will utilize \$1,455,805 of the present value of the twelve linkage payments due in accordance with their DIP Agreement, as amended, as follows: (1) the Boston Citywide Land Trust in developing 122 units of Single Room Occupancy (SRO) housing on Bowdoin Street on Beacon Hill; (2) the Boston Housing Authority for rehabilitating 73 units of cooperative housing on scattered sites in the South End; and (3) the 438 Warren Street Limited Partnership for the rehabilitation of 21 units of SRO rental housing at the 438 Warren Street Lodging Housing in Roxbury.

1) The Boston Citywide Land Trust proposes to acquire the Bowdoin Street Lodging House, an existing SRO building of 122 units and a manager's apartment in three contiguous buildings on Beacon Hill, occupied principally by Low- and Moderate-Income people. There is pressure to sell this building, and sale to a for-profit owner could radically restructure the nature of its population. The Boston Citywide Land Trust will purchase the property from a private owner. It will use a Ground Lease mechanism to remove the property permanently from the speculative housing market. The affordability will be 87 units, or 71%, of which 52 will be Low-Income and the remainder, Moderate-Income. There will be substantial assistance provided to special needs populations as well, including 20 AIDS patients and 20 mentally ill patients affiliated with the Lindeman Center.

The total development cost is \$4,447,790, with permanent financing from a private lender and tax-exempt financing source, and HIF. The linkage request of \$850,805 is to cover remaining capital costs and an operating deficit during start-up activities.

2) The Boston Housing Authority ("BHA") purchased these 19th century brick rowhouse properties from HUD in 1985 via deed-in-lieu of foreclosure at the initiative of the Low-Cost tenants. BHA is working with the tenants of the 73 unit scattered site project in the South End to renovate the units, and establish a limited equity cooperative, with 66 units to remain affordable.

Financing for the total development cost of \$4,508,500 will be provided by the Land Bank or other Tax Exempt financing, the Boston Housing Authority, the Housing Innovation Fund, and a linkage request of \$350,000.

3) The 438 Warren Street Limited Partnership, a subsidiary of the Paul Sullivan Housing Trust, proposes to completely rehabilitate 21 units of SRO rental housing at the 438 Warren Street Lodging House in Roxbury, of which 20 will be affordable as rental units to Low-Income people, with a resident manager in the additional unit. There will be common kitchen, living, dining and laundry facilities for all residents, as well as two handicapped-accessible units.

Financing for the total development cost of \$1,180,674 will be provided by syndication proceeds, a Housing Innovations Fund loan, Abandoned Housing funds, and a linkage loan request of \$255,000.

On September 28, 1989, the Neighborhood Housing Trust voted to recommend approval to the Authority of the Two Twenty Two Berkeley Venture Housing Creation Proposals. Copies of the votes are attached.

It is therefore requested that the three Housing Creation Proposals submitted by the Two Twenty Two Berkeley Venture as follows: (1) the Boston Citywide Land Trust to develop 122 units of SRO housing on Bowdoin Street on Beacon Hill; (2) the Boston Housing Authority for constructing 73 units of cooperative housing on scattered sites in the South End; and (3) the 438 Warren Street Limited Partnership for the rehabilitation of 21 units of SRO rental housing at the 438 Warren Street Lodging House in Roxbury, which together will utilize \$1,455,805 of the present value of the linkage exaction due in accordance with the DIP Agreement, as amended, be approved as submitted. Further, any funds due under the terms of the DIP Agreement, as amended, in connection with the Eastern Component not utilized in conjunction with the terms and conditions of the following votes will revert to the Neighborhood Housing Trust.

Appropriate votes follow:

VOTED: That the Authority finds after consideration of evidence submitted at a public hearing on this date, September 28, 1989, regarding the Housing Creation Proposals submitted by Two Twenty Two Berkeley Venture that: (1) Two Twenty Two Berkeley Venture is obligated to pay an estimated \$2,525,000 in twelve (12) annual payments estimated to be \$210,416.67 as a Development Impact Project Exaction pursuant to Article 26 of the Boston Zoning Code and a Development Impact Project Agreement between New England Mutual Life Insurance Company, Gerald D. Hines Interests, Inc. and the Boston Redevelopment Authority, dated June 28, 1985, as amended; (2) that Two Twenty Two Berkeley Venture submitted on August 10, 1989 three Housing Creation Proposals pursuant to Section 26-2(3)(b) of the Boston Zoning Code; (3) that the Neighborhood Housing Trust reviewed said proposals on September 28, 1989 and voted to recommend approval to the Authority with regard

thereto; (4) that the Trust voted said funds to be held in escrow pending executed Housing Creation Agreements; (5) that the Boston Citywide Land Trust proposes to develop 122 units of Single Room Occupancy housing on Bowdoin Street on Beacon Hill; (6) that the Boston Housing Authority proposes to rehabilitate 73 units of cooperative housing on scattered sites in the South End; (7) that the 438 Warren Street Limited Partnership proposes to rehabilitate 21 units of SRO rental housing at the 438 Warren Street Lodging House in Roxbury; (8) that a gap in the financing of each of said housing projects exists; (9) that but for a commitment of \$850,805 (present value) to the Boston Housing Authority, \$350,000 (present value) to the Citywide Land Trust, and \$255,000 (present value) to the 438 Warren Street Limited Partnership; said housing would not be built and would not be affordable; and (10) that the application of DIP Exactions from Two Twenty Two Berkeley Venture proposed in its Housing Creation Proposals is necessary and appropriate;

AND FURTHER

VOTED: That the Housing Creation Proposals submitted to the Neighborhood Housing Trust by Two Twenty Two Berkeley Venture on August 10, 1989 are hereby approved as submitted together with any conditions recommended in the Trust's vote of September 28, 1989 and with such minor modifications to the proposal as may be necessary (copies of the votes are appended hereto and incorporated by reference herein);

AND FURTHER

VOTED: That the Director be and hereby is authorized to enter into, or to delegate to the Public Facilities Department the authority to enter into, as the case may be, Housing Creation Agreements pursuant to Section 9 of the Housing Creation Regulations and such other documents as may be necessary to implement the Housing Creation Proposals to ensure the successful development by: (1) the Boston Citywide Land Trust of 122 units of Single Room Occupancy housing on Bowdoin Street on Beacon Hill; (2) the Boston Housing Authority of 73 units of cooperative housing on scattered sites in the South End; and (3) the 438 Warren Street Limited Partnership of 21 units of SRO rental housing at the 438 Warren Street Lodging House in Roxbury, which together will utilize \$1,455,805 of the present value of the linkage, each on such terms and conditions as the Director may deem necessary and/or appropriate to the successful implementation of said documents.

VOTE OF THE NEIGHBORHOOD HOUSING TRUST

Approved at a Meeting of the Neighborhood Housing Trust

September 28, 1989

VOTED: That the Neighborhood Housing Trust recommends to the Boston Redevelopment Authority that the Housing Creation Proposals as submitted and generally described by Two Twenty Two Berkeley Venture, developer of 222 Berkeley Street (the "Eastern Component"), as follows: 1) the Boston Citywide Land Trust in developing 122 units of Single Room Occupancy ("SRO") housing, of which 87 are affordable on Bowdoin Street on Beacon Hill in the amount of a loan for \$850,805; 2) the Boston Housing Authority for rehabilitating 73 units of cooperative housing, of which 66 are affordable, on scattered sites in the South End in the amount of a grant for \$350,000; and 3) the 438 Warren Street Limited Partnership for the rehabilitation of 21 units of SRO rental housing, 20 of which are affordable, at the 438 Warren Street Lodging House in Roxbury in the amount of a loan for \$255,000, which together will commit \$1,455,805 of the present value of its housing linkage payments to support the creation of affordable housing in the City of Boston, be approved as submitted, together with such other minor amendments as may be required to implement said affordable housing developments. Further, any funds due under the terms of the DIP Agreement dated and signed by and between the Authority and Two Twenty Two Berkeley Street Venture not utilized in conjunction with the terms and conditions of the following votes will revert to the Neighborhood Housing Trust. And further, the loan terms and conditions, where applicable, shall be negotiated between either the Public Facilities Department or the Boston Redevelopment Authority, as the case may be, and the recipient housing developer, and said loan terms and conditions shall be set out as agreed to in the respective Housing Creation Agreements between the parties.

Passed unanimously 9/28/89.

Attested to on behalf of the
Neighborhood Housing Trust

Lawrence Dwyer
Lawrence Dwyer, Chair

